

# Decision Record – Coventry and Warwickshire Growing Places Fund

## Cabinet Portfolio Holder taking decision

**Councillor Alan Cockburn**  
**Cabinet Portfolio Holder for Sustainable Communities**

**Date of Decision: (NOT BEFORE 19 DECEMBER 2011)**

**19 December 2011**

## Decision taken

I, as Cabinet Portfolio Holder for Sustainable Communities, approve submission of the Growing Places Pre-qualification Questionnaire to Government as appended to this decision notice.

## Reasons for Decisions

The Coventry and Warwickshire Local Enterprise Partnership has an indicative allocation of just over £8.5m for 2011/12 for generation of economic activity through its Growing Places initiative. The partners are required to complete a pre-qualification questionnaire to demonstrate that they meet certain criteria in order to qualify for the Loan Fund.

## Background Information/ factors considered in arriving at these decisions -

**Background** – as set out in the officer report:

- 1.1 Growing Places is a new £500 million scheme that is being jointly run by the Department for Communities and Local Government and the Department for Transport. The Fund has three overriding objectives
  - To generate economic activity in the short term by addressing immediate infrastructure and site constraints and promote the delivery of jobs and housing;
  - To allow local enterprise partnerships to prioritise the infrastructure they need, empowering them to deliver their economic strategies;
  - To establish sustainable revolving funds so that funding can be reinvested to unlock further development, and leverage private investment.
- 1.2 There is a strong emphasis on the third objective, and an expectation that the Fund will be used to pump-prime infrastructure funds managed by the LEPs that will recycle funding by making repayable investments in projects, and reinvesting when money is returned to the Fund.
- 1.3 The Coventry and Warwickshire Local Enterprise Partnership (CWLEP) has an indicative allocation of just over **£8.5 million** in 2011-2012. A lead local authority is required to act as accountable body for the funding on behalf of the

LEP and it is proposed that the Council should do this for Coventry and Warwickshire.

- 1.4 Funding is un-ringfenced, and the only condition is that capital allocations are spent on capital projects. The Council will be responsible for submitting a statement to Government at the end of 2011/ 2012 confirming that this condition has been, or will be, adhered to. Up to 2% of the funding may also be used as resource (revenue) funding to help manage the Fund.

## **2.0 Pre-Qualification Questionnaire**

Growing Places has been allocated to LEP areas based on a formula which seeks to allocate funds to areas best able to take advantage of them in order to stimulate economic activity. It also takes into consideration the population of an area. Data has been taken at a District level and grossed up to provide totals and subsequently proportions at a national level.

- 2.2 LEPs do not need to bid for the funding. However, partnerships will need to demonstrate that they meet certain criteria in order to qualify for the Loan Fund, and a pre-qualification questionnaire (PQQ) has to be submitted to Government before the deadline of 20<sup>th</sup> December 2011.
- 2.3 The Government expects local areas to move swiftly but transparently in establishing Funds and allocating money to priority projects. In particular, partnerships will need to demonstrate in the PQQ that:
- They are committed to using the Growing Places Fund to generate economic activity in the short term by addressing immediate infrastructure and site constraints which promote the delivery of jobs and housing;
  - They have appropriate governance arrangements in place which will secure value for money for use of the Fund;
  - They have appropriate arrangements in place to deliver transparency in the use of the Fund.

## **3.0 Next Steps**

- 3.1 Once submitted, the PQQ will be checked to ensure relevant commitments are in place following which a single payment will be made to the Council.
- 3.2 A report will be brought to Cabinet at this stage which will provide more information on how the Fund will be managed as well as seek formal approval for the Council to act as accountable body and authority for the Fund to be launched. A further report will also ask Council to approve the addition of the funding to the Capital Programme.

Report Author:	Dave Hill & Matthew Epps
Head of Service:	Louise Wall
Strategic Director:	Monica Fogarty
Portfolio Holder	Councillor Alan Cockburn

## Checklist

**Urgent matter: yes/no\***

NO

**Confidential or Exempt (state category of exempt information)**

NO

**Is the decision contrary to the budget and policy framework**

NO

**List of Reports considered** [please attach or forward a copy]

Report attached.

**List of Background Papers** [please include directorate contact names and numbers for access to background papers]

Growing Places Fund Prospectus, Department for Communities and Local Government, November 2011

**Any members and officers consulted or informed and any comments given.**

### Consulted:

Legal – Ian Marriott, Suzanne Burrell  
Finance – John Betts, Liz Firmstone, Neil Butler

Cllrs Alan Cockburn (decision maker), Cllr David Wright Portfolio Holder for Finance, Governance and IT.

### Sent for information:

O&S Spokespersons: Cllr Chris Saint, Cllr John Whitehouse, Cllr Richard Chattaway

# Annex B – Pre-Qualification Questionnaire

## Section A Summary information

[Please note there is no word count, although we consider most questions can be answered effectively in 200 – 300 words.]

### A1. Proposal title and overall objective of the Fund

Coventry and Warwickshire Growing Places Fund

### A2. Name of the Local Enterprise Partnership(s) submitting the proposal

Coventry and Warwickshire

### A3. Lead point of contact:

<b>Name</b>	Louise Wall
<b>Organisation</b>	Warwickshire County Council
<b>Job title</b>	Head of Sustainable Communities
<b>Address</b>	Communities Group PO Box 43, Shire Hall Warwick CV34 4SX
<b>Telephone</b>	01926 412422
<b>Email</b>	<a href="mailto:louisewall@warwickshire.gov.uk">louisewall@warwickshire.gov.uk</a>

### A4. Geographical coverage of the Fund

*(please provide details of the LEP area(s) the Fund will cover)*

The Fund will operate across the whole CWLEP area; i.e. the local authority areas of Coventry City, North Warwickshire Borough, Nuneaton and Bedworth Borough, Rugby Borough, Stratford-upon-Avon District and Warwick District. However, there will also be thematic and spatial priorities (see B2 below).

**A5. Signature of the lead Local Enterprise Partnership Chair**

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## Section B

### Infrastructure projects

**B1. Are you committed to using the Growing Places Fund to generate economic activity in the short term by addressing immediate infrastructure and site constraints which promote the delivery of jobs and housing?**

Yes

**B2. Please outline how the Fund will deliver the LEP's/LEPs' priorities for housing and economic growth (this should be no more than one page).**

The Coventry and Warwickshire LEP has produced a Five-Year Strategy to help drive forward economic growth within the local area, and can be found on our website: [www.cwlep.com](http://www.cwlep.com). The strategy is based around the following three Key Ambitions:

1. Create an environment where it is easy for businesses to start, locate and thrive;
2. Accelerate the growth of our economy through targeted support in our key strategic sectors;
3. Tackle the skills problem by aligning supply and demand.

Within Key Ambition 1, the strategy highlights the importance of a clear, market-focussed plan for infrastructure delivery to ensure that the local economy has the right supply of accessible and high quality employment land in the right location, and which meets the needs to business. One of the priority work streams of the CWLEP is therefore focussed on major sites and infrastructure. Work is currently ongoing to map current and future strategic sites within the area, identify barriers to bringing them forward, prioritise projects for potential investment opportunities, and develop an economically-led transport strategy that will support and enable the development of these key sites in a sustainable way.

The CWLEP is clear that it needs to focus its work and activity on a limited range of priorities so as to maximise impact. Key Ambition 2 of the strategy therefore sets out our desire to specifically focus activity, where appropriate, on helping grow our strategic sectors that we know will provide the best opportunities for growth. We are therefore particularly interested in ensuring we have the right supply of land and premises in our local economy that can support these sectors. These sectors are identified within the strategy, but include high value manufacturing & engineering, automotive and low carbon mobility, and business & professional services.

The Growing Places Fund will, therefore, help support the delivery of these two Key Ambitions, by providing an additional or supporting tool to help bring forward sites that may be currently struggling or are delayed because of the economic climate/

lack of cash flow & credit. The contribution that any scheme looking for support from the Coventry and Warwickshire Growing Places Fund makes to the delivery of the CWLEP strategy – and particularly its support for our key strategic sites – will be a key feature of the appraisal process (as detailed in C3 below).

In total, the CWLEP has an emerging portfolio of employment site projects and transport schemes worth over £1bn. Many of these are both “shovel ready” subject to funding and able to generate a relatively quick return, making them ideal projects for the Growing Places Fund. There are some example projects in **Annex A** that we are already aware of that could take advantage of the Growing Places Fund, subject to further appraisal and consideration by the Appraisal Panel (and not prejudicing any other applications for funding that may arise). These four projects alone could unlock XXXXXX m<sup>2</sup> of employment floor space, XXXXX jobs and £XXXm of private sector investment [to be inserted].

**B3. Please outline any proposed leverage from the private sector and other funding streams (e.g. ERDF) to be explored and/or considered.**

A key piece of ongoing work for the CWLEP is the exploration and potential development of a Local Investment Fund. We have identified a range of potential sources of funding – such as ERDF, the Regional Growth Fund, local authority assets, Bonds, Tax Increment Financing, Business Rates retention, Community Infrastructure Levy, and private sector investment routes – and are reviewing how they can be aligned (either directly through pooling, or indirectly through strategically linked investment activities) to maximise the total impact on growing the local economy. Clearly, the Growing Places Fund provides a kick-start to this work, and will establish an initial local revolving fund.

Whilst the opportunities to directly align other funding streams are being explored, we aim to start the implementation of the Coventry and Warwickshire Growing Places Fund immediately to enable quick wins and early demonstrable impact. However, we will ensure we look strategically at any scheme coming forward for Growing Places Funding to see how other sources of funding could be utilised to add value and increase the overall impact of the activity (i.e. can additional activities be undertaken on or around the site to maximise local impact).

In addition, a key consideration in the appraisal process (see C3) will be the amount of private sector leverage that the Growing Places Fund can unlock. Priority will be given to projects that lever the highest levels of private sector investment (in terms of a private to Growing Places investment ratio).

Once the scheme is operational and proven, we will explore the potential of attracting private sector investment funding to increase the size of the revolving fund in line with our plans for the wider Local Investment Fund.

**B4. Please set out the resource/capital split (resource can be no more than 2% of the total allocation).**

Coventry and Warwickshire’s allocation should be split 2% resource/ 98% capital. The resource funding will be used to support the additional short and medium-term

costs of managing the Fund including:

- Programme management;
- Financial management;
- Legal advice and support;
- Procurement advice;
- State aid advice including, if required, an independent report confirming that the Coventry and Warwickshire Growing Places Fund has been designed to avoid state aid or it is state compliant;
- Independent accountancy and commercial advice (e.g. if independent certification is required to confirm that loans are on commercial market terms to the borrower);
- External expertise to support the appraisal process (e.g. an independent Chartered Surveyor);
- Due diligence;
- Loan/ contract/ form of agreement management;
- Quality assurance;
- Audit;
- Monitoring;
- Communications and publicity;
- External evaluation;
- Other external expertise;
- Development of a “re-investment strategy”;
- Fund development (i.e. securing private sector investment and other public funding).

In the long-term, some of the project returns will be used to support the ongoing costs of managing the Fund. The exact amount will be agreed with CWLEP partners.



## Section C

### Governance arrangements

**C1. Do you have, or will you have, appropriate governance arrangements in place which will secure value for money in the use of the Fund?**

Yes

**C2. Which local authority will be the accountable body? Please attach a letter of acceptance from the Section 151 local authority Finance Director.**

Warwickshire County Council

**C3. Please outline the governance structure for the management of the Growing Places Fund.**

The Growing Places Fund will be managed by WCC's Communities Group. The Head of Sustainable Communities will have overall responsibility and a senior manager in the Business Unit [Strategic Economic Development and LEP Delivery Manager] will be the responsible cost centre manager and strategic lead. WCC's LEP Advisory Board will act as the Project Board and will, as part of this role, report to the CWLEP Board on the management of the Fund.

The Resources Group will provide financial support [Communities Group Resources Manager and Corporate Development Accountant on behalf of the Head of Finance]; risk [Strategic Risk Team] and project assurance functions [Assurance Team]; and legal advice and support [Company & Commercial Senior Solicitor].

The CWLEP Board, with advice from the Delivery Board, will be responsible for agreeing how the Fund should be used to support the delivery of the 5-Year Strategy and, in particular, the local priorities for the first round of projects.

WCC, on behalf of CWLEP partners, will hold a targeted call for projects as soon as practicably possible in early 2012. Priority will be given to stalled sites with planning permissions that can progress quickly with support from the Fund, and will be able to make early repayments. The CWLEP Board may also opt to use some of the Fund as equity investment and, in exceptional circumstances, grant funding. Projects requesting grant funding will be required to deliver significant and early economic impact for the CWLEP area.

It is proposed that the CWLEP uses an objective "assessment framework" already being developed to score and appraise projects as part of the wider work on a CWLEP Investment Fund (as mentioned in B3 above). This scoring will be overseen by an Appraisal Panel, comprised of senior officers from the public and private

sector, and supported by a small group of technical officers/ advisors from WCC and Coventry City Council as well as external advisors where required. Panel members will be required to declare any personal or prejudicial interests which could conflict with, or affect, their judgement. All interests will be recorded and retained. The Panel will have formal terms of reference and will act under delegated authority from the CWLEP Board.

The emerging assessment framework scores projects according to their fit with the CWLEP 5-year Strategy, deliverability, additionality, economic impact (private sector leverage, cost per job, etc) and a small number of indirect measures (wider impact on the economy and social return on investment). Projects which do not meet basic eligibility criteria will not be scored and the Appraisal Panel will be asked to approve the decision not to consider them for funding.

The Appraisal Panel will make recommendations on which projects should be funded. These projects will then be subject to detailed financial appraisal and a due diligence process to be carried out by WCC as accountable local authority. WCC will also be responsible for negotiating and agreeing detailed re-payment methods and terms as well as entering into loan or other agreements with developers/ other applicants.

A governance structure (both CWLEP and internal accountable body) showing how the Growing Places Fund will be managed is in **Annex B**.

#### **C4. Please outline your monitoring and evaluation plans. Details should include approach, timing, and resource implications.**

Monitoring and evaluation will operate at both individual project and Fund level.

At project level, loans and other payments made to applicant developers will be conditional on performance and implementation (i.e. stage payments). Further monitoring will take place on completion of the infrastructure and during the delivery of the development unlocked by the Growing Places Fund. Projects will be required to report for example, on the number of hectares of employment land brought into economic use, the number of jobs created or safeguarded, the nature (value) of these jobs, or the number of houses built. Project monitoring will be undertaken by WCC as part of its loan/ contract/ form of agreement management function and it will be funded by the 2% resource allocation.

At Fund level, an external evaluation to be held once the first round of projects have been delivered will assess the impact of the Growing Places Fund on the Coventry and Warwickshire economy. WCC will commission this evaluation on behalf of the CWLEP partners and the findings will inform the re-investment strategy for the Fund. It will be funded by the revolving revenue budget.

## Section D

### Management of the Fund

**D1. Do you have appropriate arrangements in place to deliver transparency in the use of the Fund?**

Yes

**D2. Please outline the financial procedures that will be used to oversee management of the funds provided, including the approach that will enable funding to be recycled for other projects, and tackling the issue of deadweight.**

The Coventry and Warwickshire Growing Places Fund will be managed by WCC in accordance with its own financial procedures and will adhere to both Financial Standing Orders and, where appropriate, Contract Standing Orders, together with any national Financial Codes of Practice and relevant legislation including state aid rules. The Fund will be managed as a discrete cost centre and the initial grant payment and any unallocated monies will attract interest at normal bank rates.

WCC has nominated a responsible officer for managing the day-to-day aspects of the Fund and the status of any loans and other funding mechanisms used as well as that of any unallocated funds will be reported on a regular and timely basis to the CWLEP Board.

It is intended to have a portfolio of investments so as to minimise the risk to the Fund and to ensure that repayments can be achieved as quickly as possible in order to maximise the potential for recycling and further re-investment.

The CWLEP's assessment framework already considers additionality; in particular, the extent to which the benefits of the project would be realised without public sector intervention (deadweight) and the timescales for doing so. It also considers other additionality factors including displacement and the multiplier effect (i.e. the wider impact on the Coventry and Warwickshire economy).

**D3. Please outline the quality assurance arrangements that are in place to ensure decisions are adhered to, the funding is administered properly, appropriate records are kept, and due diligence and evaluation undertaken.**

Monitoring of the administration of the Fund will be undertaken by a nominated officer, in accordance with pre-determined performance management and reporting arrangements. WCC operates a risk-based internal audit approach, and any risks associated with the Fund will be taken into account when drawing up the Annual Internal Audit Plan.

All records relating to the Fund will be retained in accordance with financial and information management regulations, the Data Protection Act, and WCC's own information management and records management policies.

A due diligence protocol will be established which will consider commercial, financial and legal aspects of loans agreements and other financial mechanisms under the Fund.

**D4. Please outline how you will ensure all data concerning the use of the funds, decisions made, and outcome of the projects are made publicly available.**

A Communications Plan will be drawn up which will set out the specific arrangements for communicating how the Fund is being managed, how it can be accessed, the decisions made, and the outcomes of projects. The Plan will take into account the need for openness and transparency of public funding, whilst respecting any issues around commercial sensitivity. It will include, for example, publication on the CWLEP and WCC web sites; public access to Committee papers; and inclusions of any loans and other funding awarded in the publication of all transactions over £500, in line with the Government's Open Data agenda. Successful projects will be promoted via case studies on the CWLEP and WCC web sites as well as press releases etc.

## Section E

### Equality information

**G1. Is it expected that the use of the funds or their outcomes will have a detrimental impact on any of the groups with protected characteristics as listed in the Equality Duty?**

*If yes, please describe the impact or impacts the proposal is expected to have, the group or groups which may be affected, and any steps, if applicable, which have been taken to mitigate the impact(s).*

No. Indeed, WCC will ensure that the Growing Places Fund is used in line with our current equalities duties by ensuring that developer applicants as well as contractors, suppliers and partners are aware of the authority's position on equality and that they understand their own obligations to provide services that are free from discrimination, harassment or victimisation. An Equality Impact Assessment will be carried out in due course on the application process and, in particular, the appraisal criteria in order to ensure that the management of the Fund is open and transparent. At this stage we envisage that the assessment framework will consider the potential impact of projects on different groups and the steps being taken to minimise any negative impact.

In addition, WCC will look to agree "targeted recruitment and training" clauses in loan and other agreements in order to increase access to jobs and skills opportunities for local people.